

Senate Engrossed House Bill

FILED

KEN BENNETT

SECRETARY OF STATE

State of Arizona
House of Representatives
Forty-ninth Legislature
Second Regular Session
2010

CHAPTER 289

HOUSE BILL 2370

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES; AMENDING SECTION 43-1074.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2008, CHAPTER 290, SECTION 2; AMENDING SECTION 43-1074.01, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2008, CHAPTER 290, SECTION 4; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1085.01; AMENDING TITLE 43, CHAPTER 11, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1164.02; AMENDING SECTION 43-1168, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2008, CHAPTER 290, SECTION 5; AMENDING SECTION 43-1168, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2008, CHAPTER 290, SECTION 7; RELATING TO TAXATION OF INCOME.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-222, Arizona Revised Statutes, is amended to
3 read:

4 43-222. Income tax credit review schedule

5 The joint legislative income tax credit review committee shall review
6 the following income tax credits:

7 1. For years ending in 0 and 5, sections 43-1075, 43-1075.01,
8 43-1079.01, 43-1087, 43-1088, 43-1090.01, 43-1163, 43-1163.01, 43-1167.01,
9 43-1175 and 43-1182.

10 2. For years ending in 1 and 6, sections 43-1074.02, 43-1083, 43-1085,
11 43-1085.01, 43-1164, 43-1164.02 and 43-1183.

12 3. For years ending in 2 and 7, sections 43-1073, 43-1079, 43-1080,
13 43-1086, 43-1089, 43-1089.01, 43-1089.02, 43-1090, 43-1167, 43-1169, 43-1176
14 and 43-1181.

15 4. For years ending in 3 and 8, sections 43-1074.01, 43-1081, 43-1168,
16 43-1170 and 43-1178.

17 5. For years ending in 4 and 9, sections 43-1076, 43-1081.01,
18 43-1083.01, 43-1084, 43-1162, 43-1164.01, and 43-1170.01 AND 43-1184.

19 Sec. 2. Section 43-1074.01, Arizona Revised Statutes, as amended by
20 Laws 2008, chapter 290, section 2, is amended to read:

21 43-1074.01. Credit for increased research activities

22 A. A credit is allowed against the taxes imposed by this title in an
23 amount determined pursuant to section 41 of the internal revenue code, except
24 that:

25 1. The amount of the credit is based on the excess, if any, of the
26 qualified research expenses for the taxable year over the base amount as
27 defined in section 41(c) of the internal revenue code and is computed as
28 follows:

29 (a) If the excess is two million five hundred thousand dollars or
30 less, the credit is equal to twenty-four per cent of that amount.

31 (b) If the excess is over two million five hundred thousand dollars,
32 the credit is equal to six hundred thousand dollars plus fifteen per cent of
33 any amount exceeding two million five hundred thousand dollars, except that:

34 (i) For taxable years beginning from and after December 31, 2000
35 through December 31, 2001, the credit shall not exceed one million five
36 hundred thousand dollars.

37 (ii) For taxable years beginning from and after December 31, 2001
38 through December 31, 2002, the credit shall not exceed two million five
39 hundred thousand dollars.

40 2. Qualified research includes only research conducted in this state
41 including research conducted at a university in this state and paid for by
42 the taxpayer.

43 3. If two or more taxpayers, including partners in a partnership and
44 shareholders of an S corporation, as defined in section 1361 of the internal

1 revenue code, share in the eligible expenses, each taxpayer is eligible to
2 receive a proportionate share of the credit.

3 4. The credit under this section applies only to expenses incurred
4 from and after December 31, 2000.

5 5. The termination provisions of section 41 of the internal revenue
6 code do not apply.

7 B. If the allowable credit under this section exceeds the taxes
8 otherwise due under this title on the claimant's income, or if there are no
9 taxes due under this title, the amount of the credit not used to offset taxes
10 may be carried forward to the next fifteen consecutive taxable years. The
11 amount of credit carryforward from taxable years beginning from and after
12 December 31, 2000 through December 31, 2002 that may be used in any taxable
13 year may not exceed the taxpayer's tax liability under this title or five
14 hundred thousand dollars, whichever is less, minus the credit under this
15 section for the current taxable year's qualified research expenses. The
16 amount of credit carryforward from taxable years beginning from and after
17 December 31, 2002 that may be used in any taxable year may not exceed the
18 taxpayer's tax liability under this title minus the credit under this section
19 for the current taxable year's qualified research expenses.

20 C. A TAXPAYER THAT CLAIMS A CREDIT FOR INCREASED RESEARCH AND
21 DEVELOPMENT ACTIVITY UNDER THIS SECTION SHALL NOT CLAIM A CREDIT UNDER
22 SECTION 43-1085.01 FOR THE SAME EXPENSES.

23 Sec. 3. Section 43-1074.01, Arizona Revised Statutes, as amended by
24 Laws 2008, chapter 290, section 4, is amended to read:

25 43-1074.01. Credit for increased research activities

26 A. A credit is allowed against the taxes imposed by this title in an
27 amount determined pursuant to section 41 of the internal revenue code, except
28 that:

29 1. The amount of the credit is based on the excess, if any, of the
30 qualified research expenses for the taxable year over the base amount as
31 defined in section 41(c) of the internal revenue code and is computed as
32 follows:

33 (a) If the excess is two million five hundred thousand dollars or
34 less, the credit is equal to twenty per cent of that amount.

35 (b) If the excess is over two million five hundred thousand dollars,
36 the credit is equal to five hundred thousand dollars plus eleven per cent of
37 any amount exceeding two million five hundred thousand dollars, except that:

38 (i) For taxable years beginning from and after December 31, 2000
39 through December 31, 2001, the credit shall not exceed one million five
40 hundred thousand dollars.

41 (ii) For taxable years beginning from and after December 31, 2001
42 through December 31, 2002, the credit shall not exceed two million five
43 hundred thousand dollars.

1 2. Qualified research includes only research conducted in this state
2 including research conducted at a university in this state and paid for by
3 the taxpayer.

4 3. If two or more taxpayers, including partners in a partnership and
5 shareholders of an S corporation, as defined in section 1361 of the internal
6 revenue code, share in the eligible expenses, each taxpayer is eligible to
7 receive a proportionate share of the credit.

8 4. The credit under this section applies only to expenses incurred
9 from and after December 31, 2000.

10 5. The termination provisions of section 41 of the internal revenue
11 code do not apply.

12 B. If the allowable credit under this section exceeds the taxes
13 otherwise due under this title on the claimant's income, or if there are no
14 taxes due under this title, the amount of the credit not used to offset taxes
15 may be carried forward to the next fifteen consecutive taxable years. The
16 amount of credit carryforward from taxable years beginning from and after
17 December 31, 2000 through December 31, 2002 that may be used in any taxable
18 year may not exceed the taxpayer's tax liability under this title or five
19 hundred thousand dollars, whichever is less, minus the credit under this
20 section for the current taxable year's qualified research expenses. The
21 amount of credit carryforward from taxable years beginning from and after
22 December 31, 2002 that may be used in any taxable year may not exceed the
23 taxpayer's tax liability under this title minus the credit under this section
24 for the current taxable year's qualified research expenses.

25 C. A TAXPAYER THAT CLAIMS A CREDIT FOR INCREASED RESEARCH AND
26 DEVELOPMENT ACTIVITY UNDER THIS SECTION SHALL NOT CLAIM A CREDIT UNDER
27 SECTION 43-1085.01 FOR THE SAME EXPENSES.

28 Sec. 4. Title 43, chapter 10, article 5, Arizona Revised Statutes, is
29 amended by adding section 43-1085.01, to read:

30 43-1085.01. Credit for solar liquid fuel; research and
31 development; production; delivery systems;
32 definitions

33 A. CREDITS ARE ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR
34 RESEARCH AND DEVELOPMENT, PRODUCTION AND DELIVERY SYSTEM COSTS ASSOCIATED
35 WITH SOLAR LIQUID FUEL AS PROVIDED BY THIS SECTION.

36 B. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2010
37 THROUGH DECEMBER 31, 2021, A CREDIT IS ALLOWED FOR INCREASED RESEARCH AND
38 DEVELOPMENT ACTIVITY RELATED TO SOLAR LIQUID FUEL AS PROVIDED BY SECTION 41
39 OF THE INTERNAL REVENUE CODE, EXCEPT THAT THE AMOUNT OF THE CREDIT IS EQUAL
40 TO FORTY PER CENT OF THE AMOUNT EXCEEDING THE EXCESS, IF ANY, OF THE
41 QUALIFIED RESEARCH EXPENSES FOR THE TAXABLE YEAR OVER THE BASE AMOUNT AS
42 DEFINED IN SECTION 41(c) OF THE INTERNAL REVENUE CODE. QUALIFIED RESEARCH
43 INCLUDES ONLY RESEARCH CONDUCTED IN THIS STATE, INCLUDING RESEARCH CONDUCTED
44 AT A UNIVERSITY IN THIS STATE AND PAID FOR BY THE TAXPAYER.

1 C. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2015
2 THROUGH DECEMBER 31, 2026, A CREDIT IS ALLOWED FOR THE PRODUCTION OF SOLAR
3 LIQUID FUEL IN THIS STATE IN COMMERCIAL QUANTITIES. THE AMOUNT OF THE CREDIT
4 IS EQUAL TO ELEVEN CENTS PER ONE HUNDRED THOUSAND BRITISH THERMAL UNITS OF
5 FUEL PRODUCED IN THIS STATE DURING THE TAXABLE YEAR.

6 D. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2015
7 THROUGH DECEMBER 31, 2026, A CREDIT IS ALLOWED FOR COSTS INCURRED DURING THE
8 TAXABLE YEAR TO CONVERT OR MODIFY EXISTING MOTOR VEHICLE FUEL SERVICE
9 STATIONS FOR THE RETAIL SALE OF SOLAR LIQUID FUEL TO CUSTOMERS. THE AMOUNT
10 OF THE CREDIT IS EQUAL TO THIRTY PER CENT OF THE COST OF CONVERSION OR
11 MODIFICATION, BUT NOT MORE THAN TWENTY THOUSAND DOLLARS PER TAXABLE YEAR PER
12 SERVICE STATION.

13 E. CO-OWNERS OF A BUSINESS, INCLUDING PARTNERS IN A PARTNERSHIP AND
14 SHAREHOLDERS OF AN S CORPORATION, AS DEFINED IN SECTION 1361 OF THE INTERNAL
15 REVENUE CODE, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED
16 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS
17 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
18 ALLOWED FOR THE SOLE OWNER OF THE BUSINESS.

19 F. A TAXPAYER THAT CLAIMS A CREDIT FOR INCREASED RESEARCH AND
20 DEVELOPMENT ACTIVITY UNDER SUBSECTION B OF THIS SECTION SHALL NOT CLAIM A
21 CREDIT UNDER SECTION 43-1074.01 FOR THE SAME EXPENSES.

22 G. FOR THE PURPOSES OF THIS SECTION:

23 1. "COMMERCIAL QUANTITIES" MEANS AN AMOUNT OF FUEL THAT CAN BE
24 PRODUCED AND SOLD BY AN INCORPORATED ENTITY IN THE WHOLESALE OR RETAIL TRADE.

25 2. "PRODUCTION" MEANS THE PRODUCTION OF INFRASTRUCTURE COMPATIBLE
26 FUELS DERIVED FROM SUNLIGHT, CARBON DIOXIDE AND WATER THAT ARE CONVERTED INTO
27 INTERMEDIARY CHEMICALS AND GASES THAT ARE USED TO PRODUCE HYDROCARBON FUELS.

28 3. "SOLAR LIQUID FUEL" MEANS LIQUID FUEL THAT IS GENERATED THROUGH
29 PROCESSES THAT USE SUNLIGHT, CARBON DIOXIDE AND WATER TO PRODUCE
30 INFRASTRUCTURE COMPATIBLE LIQUID HYDROCARBON FUELS.

31 Sec. 5. Title 43, chapter 11, article 6, Arizona Revised Statutes, is
32 amended by adding section 43-1164.02, to read:

33 43-1164.02. Credit for solar liquid fuel; research and
34 development; production; delivery systems;
35 definitions

36 A. CREDITS ARE ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR
37 RESEARCH AND DEVELOPMENT, PRODUCTION AND DELIVERY SYSTEM COSTS ASSOCIATED
38 WITH SOLAR LIQUID FUEL AS PROVIDED BY THIS SECTION.

39 B. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2010
40 THROUGH DECEMBER 31, 2021, A CREDIT IS ALLOWED FOR INCREASED RESEARCH AND
41 DEVELOPMENT ACTIVITY RELATED TO SOLAR LIQUID FUEL AS PROVIDED BY SECTION 41
42 OF THE INTERNAL REVENUE CODE, EXCEPT THAT THE AMOUNT OF THE CREDIT IS EQUAL
43 TO FORTY PER CENT OF THE AMOUNT EXCEEDING THE EXCESS, IF ANY, OF THE
44 QUALIFIED RESEARCH EXPENSES FOR THE TAXABLE YEAR OVER THE BASE AMOUNT AS
45 DEFINED IN SECTION 41(c) OF THE INTERNAL REVENUE CODE. QUALIFIED RESEARCH

1 INCLUDES ONLY RESEARCH CONDUCTED IN THIS STATE, INCLUDING RESEARCH CONDUCTED
2 AT A UNIVERSITY IN THIS STATE AND PAID FOR BY THE TAXPAYER.

3 C. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2015
4 THROUGH DECEMBER 31, 2026, A CREDIT IS ALLOWED FOR THE PRODUCTION OF SOLAR
5 LIQUID FUEL IN THIS STATE IN COMMERCIAL QUANTITIES. THE AMOUNT OF THE CREDIT
6 IS EQUAL TO ELEVEN CENTS PER ONE HUNDRED THOUSAND BRITISH THERMAL UNITS OF
7 FUEL PRODUCED IN THIS STATE DURING THE TAXABLE YEAR.

8 D. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2015
9 THROUGH DECEMBER 31, 2026, A CREDIT IS ALLOWED FOR COSTS INCURRED DURING THE
10 TAXABLE YEAR TO CONVERT OR MODIFY EXISTING MOTOR VEHICLE FUEL SERVICE
11 STATIONS FOR THE RETAIL SALE OF SOLAR LIQUID FUEL TO CUSTOMERS. THE AMOUNT
12 OF THE CREDIT IS EQUAL TO THIRTY PER CENT OF THE COST OF CONVERSION OR
13 MODIFICATION, BUT NOT MORE THAN TWENTY THOUSAND DOLLARS PER TAXABLE YEAR PER
14 SERVICE STATION.

15 E. CO-OWNERS OF A BUSINESS, INCLUDING CORPORATE PARTNERS IN A
16 PARTNERSHIP, MAY EACH CLAIM ONLY THE PRO RATA SHARE OF THE CREDIT ALLOWED
17 UNDER THIS SECTION BASED ON THE OWNERSHIP INTEREST. THE TOTAL OF THE CREDITS
18 ALLOWED ALL SUCH OWNERS MAY NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN
19 ALLOWED FOR THE SOLE OWNER OF THE BUSINESS.

20 F. A TAXPAYER THAT CLAIMS A CREDIT FOR INCREASED RESEARCH AND
21 DEVELOPMENT ACTIVITY UNDER SUBSECTION B OF THIS SECTION SHALL NOT CLAIM A
22 CREDIT UNDER SECTION 43-1168 FOR THE SAME EXPENSES.

23 G. FOR THE PURPOSES OF THIS SECTION:

24 1. "COMMERCIAL QUANTITIES" MEANS AN AMOUNT OF FUEL THAT CAN BE
25 PRODUCED AND SOLD BY AN INCORPORATED ENTITY IN THE WHOLESALE OR RETAIL TRADE.

26 2. "PRODUCTION" MEANS THE PRODUCTION OF INFRASTRUCTURE COMPATIBLE
27 FUELS DERIVED FROM SUNLIGHT, CARBON DIOXIDE AND WATER THAT ARE CONVERTED INTO
28 INTERMEDIARY CHEMICALS AND GASES THAT ARE USED TO PRODUCE HYDROCARBON FUELS.

29 3. "SOLAR LIQUID FUEL" MEANS LIQUID FUEL THAT IS GENERATED THROUGH
30 PROCESSES THAT USE SUNLIGHT, CARBON DIOXIDE AND WATER TO PRODUCE
31 INFRASTRUCTURE COMPATIBLE LIQUID HYDROCARBON FUELS.

32 Sec. 6. Section 43-1168, Arizona Revised Statutes, as amended by Laws
33 2008, chapter 290, section 5, is amended to read:

34 43-1168. Credit for increased research activities

35 A. A credit is allowed against the taxes imposed by this title in an
36 amount determined pursuant to section 41 of the internal revenue code, except
37 that:

38 1. The amount of the credit is computed as follows:

39 (a) Add:

40 (i) The excess, if any, of the qualified research expenses for the
41 taxable year over the base amount as defined in section 41(c) of the internal
42 revenue code.

43 (ii) The basic research payments determined under section 41(e)(1)(A)
44 of the internal revenue code.

1 (b) If the sum computed under subdivision (a) is two million five
2 hundred thousand dollars or less, the credit is equal to twenty-four per cent
3 of that amount.

4 (c) If the sum computed under subdivision (a) is over two million five
5 hundred thousand dollars, the credit is equal to six hundred thousand dollars
6 plus fifteen per cent of any amount exceeding two million five hundred
7 thousand dollars, except that:

8 (i) For taxable years beginning from and after December 31, 2000
9 through December 31, 2001, the credit shall not exceed one million five
10 hundred thousand dollars.

11 (ii) For taxable years beginning from and after December 31, 2001
12 through December 31, 2002, the credit shall not exceed two million five
13 hundred thousand dollars.

14 2. Qualified research includes only research conducted in this state
15 including research conducted at a university in this state and paid for by
16 the taxpayer.

17 3. If two or more taxpayers, including corporate partners in a
18 partnership, share in the eligible expenses, each taxpayer is eligible to
19 receive a proportionate share of the credit.

20 4. The credit under this section applies only to expenses incurred
21 from and after December 31, 1993.

22 5. The termination provisions of section 41 of the internal revenue
23 code do not apply.

24 B. If the allowable credit under this section exceeds the taxes
25 otherwise due under this title on the claimant's income, or if there are no
26 taxes due under this title, the amount of the credit not used to offset taxes
27 may be carried forward to the next fifteen consecutive taxable years. The
28 amount of credit carryforward from taxable years beginning from and after
29 December 31, 2000 through December 31, 2002 that may be used under this
30 subsection in any taxable year may not exceed the taxpayer's tax liability
31 under this title or five hundred thousand dollars, whichever is less, minus
32 the credit under this section for the current taxable year's qualified
33 research expenses. The amount of credit carryforward from taxable years
34 beginning from and after December 31, 2002 that may be used under this
35 subsection in any taxable year may not exceed the taxpayer's tax liability
36 under this title minus the credit under this section for the current taxable
37 year's qualified research expenses.

38 C. If a taxpayer has qualified research expenses that are carried
39 forward from taxable years beginning before January 1, 2001, the amount of
40 the expenses carried forward shall be converted to a credit carryforward by
41 multiplying the amount of the qualified expenses carried forward by twenty
42 per cent. A credit carryforward determined under this subsection may be
43 carried forward to not more than fifteen years from the year in which the
44 expenses were incurred. The amount of credit carryforward from taxable years
45 beginning before January 1, 2001 that may be used under this subsection in

1 any taxable year may not exceed the taxpayer's tax liability under this title
2 or five hundred thousand dollars, whichever is less, minus the credit under
3 this section for the current taxable year's qualified research expenses. The
4 total amount of credit carryforward from taxable years beginning before
5 January 1, 2003 that may be used in any taxable year under subsection B and
6 this subsection may not exceed the taxpayer's tax liability under this title
7 or five hundred thousand dollars, whichever is less, minus the credit under
8 this section for the current taxable year's qualified research expenses.

9 D. A TAXPAYER THAT CLAIMS A CREDIT FOR INCREASED RESEARCH AND
10 DEVELOPMENT ACTIVITY UNDER THIS SECTION SHALL NOT CLAIM A CREDIT UNDER
11 SECTION 43-1164.02 FOR THE SAME EXPENSES.

12 Sec. 7. Section 43-1168, Arizona Revised Statutes, as amended by Laws
13 2008, chapter 290, section 7, is amended to read:

14 43-1168. Credit for increased research activity

15 A. A credit is allowed against the taxes imposed by this title in an
16 amount determined pursuant to section 41 of the internal revenue code, except
17 that:

18 1. The amount of the credit is computed as follows:

19 (a) Add:

20 (i) The excess, if any, of the qualified research expenses for the
21 taxable year over the base amount as defined in section 41(c) of the internal
22 revenue code.

23 (ii) The basic research payments determined under section 41(e)(1)(A)
24 of the internal revenue code.

25 (b) If the sum computed under subdivision (a) is two million five
26 hundred thousand dollars or less, the credit is equal to twenty per cent of
27 that amount.

28 (c) If the sum computed under subdivision (a) is over two million five
29 hundred thousand dollars, the credit is equal to five hundred thousand
30 dollars plus eleven per cent of any amount exceeding two million five hundred
31 thousand dollars, except that:

32 (i) For taxable years beginning from and after December 31, 2000
33 through December 31, 2001, the credit shall not exceed one million five
34 hundred thousand dollars.

35 (ii) For taxable years beginning from and after December 31, 2001
36 through December 31, 2002, the credit shall not exceed two million five
37 hundred thousand dollars.

38 2. Qualified research includes only research conducted in this state
39 including research conducted at a university in this state and paid for by
40 the taxpayer.

41 3. If two or more taxpayers, including corporate partners in a
42 partnership, share in the eligible expenses, each taxpayer is eligible to
43 receive a proportionate share of the credit.

44 4. The credit under this section applies only to expenses incurred
45 from and after December 31, 1993.

5. The termination provisions of section 41 of the internal revenue code do not apply.

B. If the allowable credit under this section exceeds the taxes otherwise due under this title on the claimant's income, or if there are no taxes due under this title, the amount of the credit not used to offset taxes may be carried forward to the next fifteen consecutive taxable years. The amount of credit carryforward from taxable years beginning from and after December 31, 2000 through December 31, 2002 that may be used under this subsection in any taxable year may not exceed the taxpayer's tax liability under this title or five hundred thousand dollars, whichever is less, minus the credit under this section for the current taxable year's qualified research expenses. The amount of credit carryforward from taxable years beginning from and after December 31, 2002 that may be used under this subsection in any taxable year may not exceed the taxpayer's tax liability under this title minus the credit under this section for the current taxable year's qualified research expenses.

C. If a taxpayer has qualified research expenses that are carried forward from taxable years beginning before January 1, 2001, the amount of the expenses carried forward shall be converted to a credit carryforward by multiplying the amount of the qualified expenses carried forward by twenty per cent. A credit carryforward determined under this subsection may be carried forward to not more than fifteen years from the year in which the expenses were incurred. The amount of credit carryforward from taxable years beginning before January 1, 2001 that may be used under this subsection in any taxable year may not exceed the taxpayer's tax liability under this title or five hundred thousand dollars, whichever is less, minus the credit under this section for the current taxable year's qualified research expenses. The total amount of credit carryforward from taxable years beginning before January 1, 2003 that may be used in any taxable year under subsection B and this subsection may not exceed the taxpayer's tax liability under this title or five hundred thousand dollars, whichever is less, minus the credit under this section for the current taxable year's qualified research expenses.

D. A TAXPAYER THAT CLAIMS A CREDIT FOR INCREASED RESEARCH AND DEVELOPMENT ACTIVITY UNDER THIS SECTION SHALL NOT CLAIM A CREDIT UNDER SECTION 43-1164.02 FOR THE SAME EXPENSES.

Sec. 8. Purpose

Pursuant to section 43-223, Arizona Revised Statutes, the income tax credits enacted in sections 43-1085.01 and 43-1164.02, Arizona Revised Statutes, as added by this act, are intended to encourage and promote the production, marketing and use of solar liquid fuel.

Sec. 9. Effective date

Section 43-1074.01, Arizona Revised Statutes, as added by Laws 2008, chapter 290, section 4 and as amended by this act, and section 43-1168, Arizona Revised Statutes, as added by Laws 2008, chapter 290, section 7 and as amended by this act, are effective from and after December 31, 2017.

APPROVED BY THE GOVERNOR MAY 10, 2010.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 10, 2010.